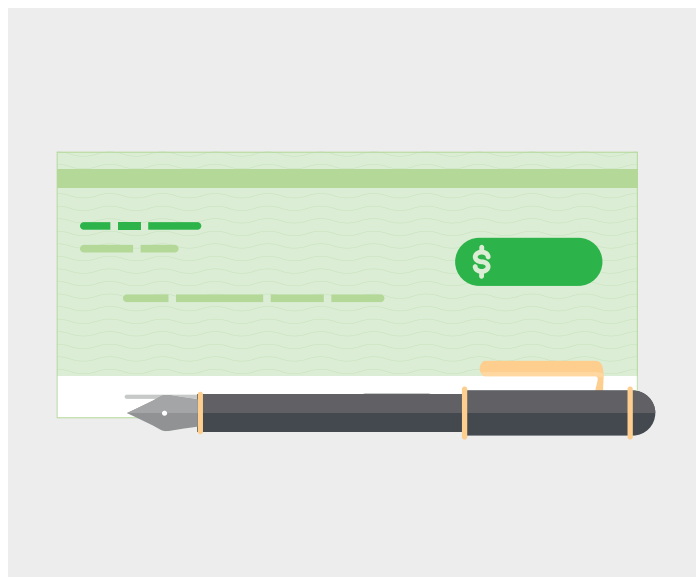


Ways to pay your bills

When you move to a new place, it doesn't take long for bills to start coming.

You may pay some bills like rent, utilities, and other payments each month. You may also have one-time bills, like a security deposit when you rent an apartment.

In many cases, you will have one or more options you can choose from to make these payments. The list below helps you understand different bill payment options and their potential advantages and disadvantages. Knowing how they work could help you avoid some fees, including fees from late or missed payments.



Check

Definition	Benefits	Risks
Checks are forms that you fill out to pay for something from a checking account.	<ul style="list-style-type: none">▪ Convenient once you apply for and the account is set up at a bank or credit union.	<ul style="list-style-type: none">▪ If you pay bills by check without enough money in your account, the bank or company you send the check to may charge you fees.
You write the amount and the name of the person or company that you wish to pay on the check. The amount comes out of your bank checking account when the person or company who receives the check deposits it or cashes it. You can also get a similar account from a credit union.	<ul style="list-style-type: none">▪ Can be mailed.▪ Easy to prove payment if there is a dispute.▪ Funds are held in the checking account until you write out the check and the check is deposited.▪ Unlike cash, if a check is lost or stolen or someone forges your signature, you have protection for the money in your account. But, it can be hard to stop a check if the person who receives it deposits it quickly.	<ul style="list-style-type: none">▪ You have to remember to pay a bill using a check each time it is due (not automated).▪ Postage costs of mailing the payment.

Automatic or direct debit

Definition	Benefits	Risks
You provide the merchant or service provider (for example, your cell phone provider or utility company) with your checking account information and they take the funds from your account each time the bill is due (for example, every month).	<ul style="list-style-type: none">▪ Convenient, saves time and free.▪ You may pay a lower interest rate for loans if you make your payments via automatic debit.▪ Makes it easy to pay for bills that are frequent and consistent.▪ Reduces chance of being late—once you set it up, it is automatic.▪ You have the right to end automatic payments.▪ Easier to prove payment should a dispute arise.▪ If the amount of the bill changes each month you may get a notice before the transfer is made to pay the bill.	<ul style="list-style-type: none">▪ If you pay bills by automatic debit without enough money in your account, the bank or company you are paying to may charge you fees. <p>Warning: When money is automatically taken from your account, you could accidentally spend more than you have. If you do not have enough money in your account to cover an automatic payment or other charges you've made, you may have to pay costly fees. To stop automatic withdrawals, contact both the merchant and your bank.</p>

Online bill payment

Definition	Benefits	Risks
You give your bank the merchant or service provider's information, and your bank makes the payment according to the amount and schedule you set up.	<ul style="list-style-type: none">▪ Convenient and saves time.▪ Makes it easy to pay for bills that are frequent and consistent.▪ You can choose between making one-time payments each billing cycle or setting up recurring (automatic) payments using your bank or credit union's online web services.▪ Reduces chance of being late—once you set it up, it is automatic.▪ Easier to prove payment should a dispute arise.▪ Easier to stop an unintended or erroneous payment.	<ul style="list-style-type: none">▪ Takes time to set up and learn.▪ If you pay bills by online bill payment without enough money in your account, the bank or service provider may charge you fees.▪ If you have set up recurring payments and the amount changes, you may pay the wrong amount. If you pay less than the full amount of the bill, you may have to pay fees.

Money order

Definition	Benefits	Risks
A money order can be used instead of a check. You can buy a money order to pay a business or other party.	<ul style="list-style-type: none">▪ Easy to understand.▪ Can be mailed.▪ No personal banking information appears on the money order.	<ul style="list-style-type: none">▪ May be inconvenient because you have to buy a money order.▪ Cost to buy money order and to mail the payment.▪ May be hard to prove payment unless you have the money order receipt and a receipt for payment.▪ Funds are difficult or impossible to recover if lost or stolen.▪ You have to remember to pay the bill each time it's due (not automated).

Credit card

Definition	Benefits	Risks
A credit card allows you to borrow money up to an approved credit limit. You will pay interest if you carry a balance, and you can be charged other fees based on the terms of the contract. You can expect to make a minimum monthly payment and you may want to pay more than the minimum to pay it off sooner.	<ul style="list-style-type: none">▪ Can use a credit card to pay bills over the phone or online.▪ Easy to prove payment should a dispute arise.▪ Protects you from having to pay for some or all the charges if your card or information is stolen or lost and you report the theft.▪ Can be set up to automatically pay recurring bills.▪ Can help build your credit history if you make payments on time and don't get close to your credit limit.	<ul style="list-style-type: none">▪ Costs more than paying for the purchase with cash or a check if you can't pay the credit card balance in full every month. If you carry a balance, you have to pay interest on the balance.▪ Creates another bill you have to pay.▪ Creates debt—you are borrowing money to pay for bills and other items.

Cash

Definition	Benefits	Risks
Cash is money that you have in hand.	<ul style="list-style-type: none">▪ Often no fees associated with paying cash directly to the company if paying the full amount owed. Buying or using a special product such as a money order or prepaid cards may cost money.▪ When you use cash, you're not incurring debt.▪ No risk of overdrawing your account.	<ul style="list-style-type: none">▪ Not all bill payments can be made in cash.▪ Can be inconvenient and costly to travel to the company to pay the bill in person.▪ May be hard to prove payment unless you have a receipt.▪ Cash is difficult or impossible to recover if lost, stolen or destroyed.▪ You have to remember to pay the bill each time it's due (not automated).

Tips

1. Make a list of your bills and their due dates, and put them on a calendar so you can easily see when payments are due.
2. Some creditors let you pick the day of the month that you bill is due.
3. However you choose to pay your bills, keep track of your money coming in and going out. It will help you avoid fees.

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